

FINANCE

Breede Valley Municipality

Financial Statements for the year ended 30 June 2009 (2008 Restated)

Notes to the Financial Statements

2. New standards and interpretations (continued)

Directive 5 - Determining the GRAP reporting framework.

The effective date of the standard is for years beginning on or after 01 April 2008.

The municipality has adopted the standard for the first time in the 2009 financial statements.

GRAP 102: Intangible Assets

GRAP 102 excludes guidance on accounting for intangible assets acquired as part of an entity combination and in-process research and development costs acquired in an entity combination.

Recognition requirement includes the concept of the probable flow of service potential.

GRAP 102 distinguishes between impairment deficit of cash generating and non-cash-generating assets.

Intangible assets acquired at no or for a nominal cost shall be measured on acquisition date at its fair value.

In GRAP 102 the identifiable criterion in the definition of an intangible asset has been expanded to include contractual rights arising from binding arrangements, and to exclude rights granted by statute.

Additional guidance included in GRAP 102 to explain that distinction should be made between assets associated with the item of property, plant and equipment and the intangible asset.

Guidance on web site costs has been included in GRAP 102 from SiC Interpretation 32 Intangible Assets – Web Site Costs.

Guidance on intangible assets that may be acquired in exchange for non-monetary assets, where the exchange transaction lacks commercial substance has not been included in GRAP 102 as guidance to be included in GRAP 23.

GRAP 102 does not state "gains shall not be classified as revenue" as GRAP term "income" has a broader meaning than the term "revenue".

The initial application of GRAP 102 will have no impact on the financial statements.

The following Directives need to be considered:

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard.

Directive 5 - Determining the GRAP reporting framework.

The effective date of the standard is for years beginning on or after 01 April 2008.

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2. New standards and interpretations (continued)

IPSAS 21: Impairment of Non Cash-Generating Assets

The method of measurement of value in use of a non-cash-generating asset under this Standard is different to that applied to a cash generating asset.

Asset should be measured by reference to the present value of the remaining service potential of the asset.

Determining value in use (present value of remaining service potential) of a non-cash-generating asset, may be the depreciated replacement cost approach, restoration cost approach and service units approach.

This Standard does not require entities to apply an impairment test to property, plant and equipment carried at revalued amounts.

This Standard does not include a decrease in market value significantly greater than would be expected as a result of the passage of time or normal use as a minimum indication of impairment. This indication is included as an additional indication that impairment may exist.

The initial application of IPSAS 21 will have no impact on the financial statements.

The following Directives need to be considered:

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard.

Directive 5 - Determining the GRAP reporting framework.

The effective date of the standard is for years beginning on or after 01 April 2008.

The municipality has adopted the standard for the first time in the 2009 financial statements.

IPSAS 20: Related Party Disclosure

IPSAS 20 specifically excludes any consideration provided to key management personnel solely as a reimbursement for expenditure incurred by those individuals for the benefit of the reporting entity.

The initial application of IPSAS 20 will have no impact on the financial statements.

The following Directives need to be considered:

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard.

Directive 5 - Determining the GRAP reporting framework.

The effective date of the standard is for years beginning on or after 01 April 2008.

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2. New standards and interpretations (continued)

2.2 Standards and interpretations not yet effective

The municipality has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2009 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The provisional effective date of the standard is for years beginning on or after 01 April 2011.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

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The provisional effective date of the standard is for years beginning on or after 01 April 2010.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph 19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and financial statements on a comparable basis, it includes the comparison as an additional column in the primary financial statements. Where the budget and financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'.

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2. New standards and interpretations (continued)

This statement compares the budget amounts with the amounts in the financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The provisional effective date of the standard is for years beginning on or after 01 April 2010.

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IGRAP1: Interpretation of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue

An entity assesses the probability of each transaction on an individual basis when it occurs. Entities shall not assess the probability on an overall level based on the payment history of recipients of the service in general when the probability of revenue is assessed at initial recognition.

The full amount of revenue will be recognised at initial recognition. Assessing impairment is an event that takes place subsequently to initial recognition. Such impairment is an expense. Revenue is not reduced by this expense.

The effective date of the interpretation is for years beginning on or after 01 April 2010.

The municipality expects to adopt the interpretation for the first time in the 2011 financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

GRAP 21 - Impairment of Non-cash-generating assets

An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for impairment of non-cash-generating assets. Non-cash-generating assets are assets other than cash-generating assets. Non-cash-generating assets are impaired when the carrying amount of the asset exceeds its recoverable service amount. An entity shall assess at each reporting date whether there is any indication that an asset may be impaired.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality expects to adopt the standard for the first time in the 2012 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 26 - Impairment of Cash-generating assets

An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for impairment of cash-generating assets. Cash-generating assets are assets held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-orientated entity. Cash-generating assets are impaired when the carrying amount of the asset exceeds its recoverable service amount. An entity shall assess at each reporting date whether there is any indication that an asset may be impaired.

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2. New standards and interpretations (continued)

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality expects to adopt the standard for the first time in the 2012 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 103 - Heritage assets

An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in the recognition, measurement and disclosure of all assets that meet the definition of a heritage asset, except heritage assets classified as held for sale. Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2011.

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2009 2008

3. Investment property

	2009		2008	
	Cost / Valuation	Accumulated depreciation	Cost / Valuation	Accumulated depreciation
Investment property	100,000	-	100,000	100,000

Reconciliation of investment property - 2009

	Opening Balance	Total
Investment property	100,000	100,000

Reconciliation of investment property - 2008

	Opening Balance	Total
Investment property	100,000	100,000

Other disclosures

The municipality transferred the assets to investment property, as result of the implementation of GRAP 16 and 17. These assets were disclosed as Community assets (as part of property, plant and equipment) in the previous year.

Details of property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the revaluations was 01 July 2008. Revaluations were performed by an independent valuer, Mr Lloyd, of De Kock Lloyd Eindonders waarder. De Kock Lloyd is not connected to the municipality and have recent experience in the location and category of the investment property being valued.

4. Property, plant and equipment

	2009		2008	
	Cost / Valuation	Accumulated depreciation	Cost / Valuation	Accumulated depreciation
Land	36,963,561	-	36,963,561	35,935,600
Buildings	182,261,617	(139,587,721)	42,673,898	177,928,323
Infrastructure	1,851,038,022	(653,479,498)	1,197,559,524	1,781,038,955
Other property, plant and equipment	44,694,221	(27,614,653)	17,079,568	39,672,006
Heritage	11,174,100	-	11,174,100	11,174,100
Total	2,126,131,521	(829,680,872)	1,305,456,649	2,045,749,074
				(766,693,418)
				1,279,055,555

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4. Property, plant and equipment (continued)**Reconciliation of property, plant and equipment - 2009**

	Opening Balance	Additions	Transfers	Depreciation	Total
Land	35,935,600	1,027,961	-	-	36,963,561
Buildings	41,531,298	4,333,293	-	(3,190,695)	42,673,896
Infrastructure	1,174,330,009	70,185,269	(186,201)	(46,769,553)	1,197,559,624
Other property, plant and equipment	16,084,649	5,022,123	-	(4,027,204)	17,079,566
Heritage	11,174,100	-	-	-	11,174,100
	1,279,055,656	80,568,646	(186,201)	(53,987,452)	1,305,450,649

Reconciliation of property, plant and equipment - 2008 Restated

	Opening Balance	Additions	Disposals	Transfers	Write-back of depreciation	Decapitalisation	Depreciation	Total
Land	35,220,028	593,184	-	-	513,482	(7,000)	(384,072)	35,935,600
Buildings	35,899,511	12,352,141	(64,939)	-	5,828	(3,327,034)	(3,334,009)	41,531,298
Infrastructure	1,157,968,783	69,451,545	-	1,259,147	-	(8,000,000)	(46,349,466)	1,174,330,009
Other property, plant and equipment	11,497,073	10,245,411	(7,085)	-	-	(1,279,045)	(4,371,705)	16,084,649
Heritage	11,174,100	-	-	-	-	-	-	11,174,100
	1,251,759,493	92,642,281	(72,024)	1,259,147	519,090	(12,813,079)	(54,439,252)	1,279,055,656

Restatement

The property, plant and equipment were restated with effect 1 July 2007 to reflect the initial adoption of GRAP 17. This had an effect that certain assets were reclassified and infrastructure assets were restated to reflect the depreciated replacement cost. The depreciated replacement cost were determined independent firm. The effect of the restatement is further disclosed in note 42.

Other information

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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6. Intangible assets

	2009		2008	
	Cost / Valuation	Accumulated amortisation	Cost / Valuation	Accumulated amortisation
Computer software	822,337	(526,448)	295,889	614,369
Reconciliation of intangible assets - 2009				
	Opening Balance	Additions	Amortisation	Total
Computer software	113,746	237,968	(24,825)	206,889

Reconciliation of intangible assets - 2008

	Opening Balance	Additions	Amortisation	Total
Computer software, other	-	113,850	(104)	113,746

6. Investments

Loans and receivables	65,000,000	93,000,000
Other deposits	-	20,626,850
Fixed Deposits - ABSA	65,000,000	113,626,850

The Fixed Deposits, relating to the prior year, ABSA (Redemption Fund) was in respect of security provided for stock loan to the amount of R 23 411 709 was redeemed on 30/06/2009.

Non-current assets	
Investments	- 20,626,850
Current assets	
Short-term portion of investments	65,000,000 93,000,000
	65,000,000 113,626,850

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7. Long term receivables

Housing selling scheme	1,873,994	2,135,569
Housing selling scheme	(918,270)	(1,235,847)
Less: Provision for impairment		
955,724		
Welfare loan	2,932,860	3,096,379
Welfare	-	(17,880)
Less: Provision for impairment		
2,932,860		
Housing personnel	1,585,343	1,906,724
Housing personnel		
Recreational	28,729	38,736
Recreational		
Less: Provision for impairment	(28,729)	(38,736)
<b">-</b">		
Land sales	16,885	18,885
Land sales		
Less: Provision for impairment	(13,114)	(13,191)
<b">5,771</b">		
Arrangements	10,858,022	13,684,024
Arrangements		
Less: Provision for impairment	(7,579,494)	(8,861,178)
3,178,528		
Less: Current Portion transferred to current receivables		
Housing selling schemes	(166,173)	(154,688)
Housing personnel loans	(62,719)	(64,125)
Welfare	(165,162)	(163,519)
Recreational	(12,844)	(10,804)
Land sales	-	(10,885)
Arrangements	(4,009,229)	-
(4,415,927)		
Less: Provision for bad debt for short term portion of long term receivables		
Housing selling schemes	(81,426)	(16,597)
Welfare	-	(934)
Recreational	(12,644)	(10,804)
Land sales	(13,114)	(13,191)
Arrangements	(2,838,586)	-
(2,942,770)		
Long term receivables		
Long term receivables - Non-current portion	7,185,069	11,745,162
Long term receivables - Current portion	1,473,153	370,495
8,658,227		
12,115,677		

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2009 2008

7. Long term receivables (continued)

Housing Selling Scheme Loans

Housing loans are granted to qualifying individuals in terms of the provincial administration's housing programme. These loans attract interest of prime plus 1% per annum and are repayable over a maximum period of 30 years.

Welfare Loans

Welfare loans are granted to qualifying organisations in terms of the provincial administrator's housing programme. These loans attract interest of 1% per annum and are repayable over a maximum period of 30 years.

Housing Loans - Personnel

Housing loans were granted to personnel and attract interest at between 7.5% and 15% per annum and are repayable over periods not exceeding 30 years.

Recreational Loans

Loans are granted to certain recreational institutions and attract interest at rates between 11.25% and 18% per annum, and are repayable over periods not exceeding 30 years.

Land Sales

Loans were granted to individuals for purchasing land from the Municipality. These loans attract interest at prime plus 1% and are repayable over periods not exceeding 2 years.

Arrangements

The arrangements consist of consumer debtors with whom the council has negotiated repayment terms. These arrangements attract no interest and the repayment periods varies between 15 and 30 years.

8. Inventories

Consumable stores	5,025,986	3,807,776
Water (at fair value)	364,630	244,475
	5,390,616	4,052,251

9. Other receivables from non-exchange transactions

Housing board subsidies	422,643	422,643
Prepaid expenses	232,209	224,604
Interest receivable	1,263,456	3,004,879
Government subsidies	6,731,584	727,998
Recoverable expenses	3,570	7,480
Other debtors	3,661,187	1,857,487
Debtors: Traffic fines	1,746,006	1,812,000
LBS: Personnel	931,731	931,731
Loans granted	304,292	363,410
Less: Provision for impairment	(300,900)	(356,299)
	14,996,740	8,797,091

Trade and other receivables impaired

As of 30 June 2009 other receivables of R 300,900 (2008: R 356,299) were impaired and provided for.

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2009 2008

9. Other receivables from non-exchange transactions (continued)

Reconciliation of provision for impairment of trade and other receivables

Opening balance	356,300	644,487
Unused amounts reversed	(55,401)	(288,187)
	300,899	356,306

10. VAT Receivable

South African Revenue Service

948,092

11. Consumer debtors from exchange and non-exchange transactions

Gross balances

Rates	12,830,389	14,700,799
Electricity	22,291,949	19,862,468
Water	11,419,678	13,187,617
Sundries	5,724,101	6,620,443
Sewerage	7,070,797	7,838,635
Refuse	9,656,088	7,075,962
Availability charges	2,452,903	1,879,726
Housing Selling schemes	3,448,446	3,623,967
Housing rental	3,123,651	4,250,352
	76,120,062	79,039,989

Less: Provision for impairment

Rates	(0,751,021)	(7,399,362)
Electricity	(3,903,796)	(3,772,320)
Water	(4,437,106)	(5,628,244)
Sundries	(4,236,986)	(4,096,801)
Sewerage	(2,312,974)	(3,831,253)
Refuse	(3,537,011)	(2,406,891)
Availability charges	(1,673,227)	(1,308,745)
Housing Selling schemes	(1,652,658)	(2,077,546)
Housing rental	(2,037,426)	(2,721,720)
	(30,542,205)	(33,842,888)

Net balance

Rates	6,079,368	7,301,437
Electricity	18,388,153	16,000,168
Water	6,982,572	7,506,373
Sundries	1,487,115	1,923,642
Sewerage	5,657,823	4,007,382
Refuse	3,321,077	4,000,071
Availability charges	779,676	570,981
Housing Selling schemes	1,795,788	1,546,421
Housing rental	1,088,225	1,528,026
	45,577,797	45,197,591

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11. Consumer debtors from exchange and non-exchange transactions (continued)

Rates

	2009	2008
Current (0 - 30 days)	3,197,748	3,414,279
31 - 60 days	483,090	404,526
61 - 90 days	324,155	380,225
91 - 120 days	275,065	220,163
121 - 365 days	8,560,811	10,271,800
Less: Provision for impairment	(8,751,021)	(7,369,362)
	6,079,368	7,301,437

Electricity

	2009	2008
Current (0 - 30 days)	10,513,708	14,000,680
31 - 60 days	519,290	490,578
61 - 90 days	157,322	224,645
91 - 120 days	177,766	75,657
121 - 365 days	2,723,847	3,528,507
VAT outstanding	1,795,216	1,571,921
Less: Provision for impairment	(3,903,796)	(3,772,320)
	18,388,153	16,090,168

Water

	2009	2008
Current (0 - 30 days)	4,241,610	4,231,543
31 - 60 days	546,389	469,379
61 - 90 days	516,971	423,864
91 - 120 days	494,729	391,375
121 - 365 days	4,315,446	6,225,188
VAT outstanding	1,304,534	1,450,248
Less: Provision for impairment	(4,437,107)	(5,628,244)
	6,382,572	7,559,373

Sundries

	2009	2008
Current (0 - 30 days)	1,255,800	1,033,281
31 - 60 days	92,240	385,638
61 - 90 days	73,341	170,611
91 - 120 days	205,726	235,320
121 - 365 days	3,839,368	3,857,606
VAT outstanding	256,626	297,916
Less: Provision for impairment	(4,238,068)	(4,696,800)
	1,487,115	1,923,642

Sewerage

	2009	2008
Current (0 - 30 days)	1,477,509	1,443,658
31 - 60 days	377,998	369,330
61 - 90 days	307,277	280,463
91 - 120 days	268,133	267,793
121 - 365 days	4,454,223	4,424,863
VAT outstanding	1,086,657	1,042,309
Less: Provision for impairment	(2,312,974)	(3,831,254)
	5,657,823	4,007,382

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11. Consumer debtors from exchange and non-exchange transactions (continued)

	2009	2008
Refuse		
Current (0 - 30 days)	1,185,361	1,196,575
31 - 60 days	300,599	303,345
61 - 90 days	254,029	242,726
91 - 120 days	223,080	226,024
121 - 365 days	3,940,896	4,145,728
VAT outstanding	953,833	961,462
Less: Provision for impairment	(3,537,011)	(2,406,891)
	3,321,077	4,669,071

Availability charges

	2009	2008
Current (0 - 30 days)	227,273	165,965
31 - 60 days	124,202	88,165
61 - 90 days	106,425	73,421
91 - 120 days	58,355	64,732
121 - 365 days	1,564,840	1,260,129
VAT outstanding	301,708	227,294
Less: Provision for impairment	(1,673,227)	(1,308,745)
	779,676	570,981

Housing Setting schemes

	2009	2008
Current (0 - 30 days)	83,204	84,422
31 - 60 days	35,330	46,899
61 - 90 days	31,947	32,917
91 - 120 days	32,662	35,598
121 - 365 days	3,228,092	3,383,194
VAT outstanding	37,301	40,907
Less: Provision for impairment	(1,652,658)	(2,077,546)
	1,785,788	1,546,421

Housing rental

	2009	2008
Current (0 - 30 days)	233,761	438,025
31 - 60 days	162,495	235,819
61 - 90 days	153,825	216,126
91 - 120 days	178,878	160,341
121 - 365 days	2,394,804	3,162,895
VAT outstanding	287	1,145
Less: Provision for impairment	(2,037,425)	(2,721,725)
	1,096,225	1,528,626

Summary of debtors by customer classification

	2009	2008
Consumers		
Current (0 - 30 days)	27,980,103	24,395,019
31 - 60 days	2,841,799	2,561,631
61 - 90 days	1,793,899	1,989,099
91 - 120 days	1,840,530	1,648,382
121 - 365 days	34,152,227	38,440,046
	68,638,358	69,933,879

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11. Consumer debtors from exchange and non-exchange transactions (continued)**Industrial/commercial**

	2009	2008
Current (0-30 days)	5,269,390	7,777,193
31 - 60 days	118,777	181,315
61 - 90 days	78,755	54,631
91 - 120 days	67,453	36,915
121 - 365 days	485,391	384,407
Total	5,897,766	8,434,461

National and provincial government

	2009	2008
Current (0-30 days)	902,739	35,067
31 - 60 days	63,958	21,034
61 - 90 days	52,640	21,310
91 - 120 days	47,132	19,717
121 - 365 days	417,209	1,702,966
Total	1,483,878	1,860,134

Total

	2009	2008
Current (0-30 days)	34,152,232	32,208,100
31 - 60 days	3,022,534	2,763,980
61 - 90 days	1,025,294	2,065,040
91 - 120 days	1,955,115	1,703,014
121 - 365 days	35,084,827	40,259,754
Total	76,120,002	79,039,987
Less: Provision for impairment	(30,542,205)	(33,842,860)
Total	45,577,797	45,197,101

Reconciliation of consumer debtors

	2009	2008
Consumer debtors	76,120,002	79,039,987
Provision for impairment	(30,542,205)	(33,842,860)
Bad debts written off	(13,176,745)	(10,452,398)
Adjustment of provision	13,176,745	10,452,398
Total	45,577,797	45,197,101

Trade and other receivables past due but not impaired

The Council regards consumer debtors to be due for outstanding amounts more than 30 days to be past due. The impairment of consumer debtors is calculated based on the historic payment rate per individual debtor. The calculation for the previous year was based on the historic payment per suburb and was restated for comparative purposes. This had an effect that the previous year provision for bad debt was restated. Refer to note 42 for further disclosure of the restatement as a result of the prior period error.

As of 30 June 2009 consumer debtors of R 26 933 015 (2008: R 32 250 878) were not impaired.

Trade and other receivables impaired

As of 30 June 2009 trade receivables of R 30 542 205 (2008: R 33 842 860) were impaired and provided for.

Fair value of trade and other receivables approximate their carrying value. The carrying value of these trade receivables are denominated in the following currency: South African Rand.

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12. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balance with bank. Cash equivalents in the cash flow statements comprise the following balance sheet amounts:

	2009	2008
Cash on hand	12,375	8,245
Bank balances	46,221,656	24,500,025
Total	48,234,031	24,508,270

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	2009	2008	2007	2009	2008	2007
ABSA Bank - Worcester Branch	54,072,421	37,768,189	8,179,380	48,321,656	24,500,025	6,676,479
Account number 1000010312						

13. Housing development fund

	2009	2008
Unappropriate surplus	8,290,284	6,763,969
Operating account deficit	(368,481)	1,526,315
Total	7,921,803	8,290,284

The housing development fund is represented by the following assets and liabilities

	2009	2008
Installments Sales Debtors	6,112,732	5,895,133
Other Debtors	4,370,636	5,644,098
Total Housing Development Fund Assets and Liabilities	10,483,370	11,539,231

Bank overdraft

	2009	2008
Total Housing Development Fund Assets and Liabilities	7,921,803	8,290,284
Bank overdraft	2,567,567	3,248,947

14. Long term liabilities

	2009	2008
Held at amortised cost		
Annaly Loans	171,111,357	188,060,682
Local Registered Stock Loans	+	23,411,709
Total	171,111,357	211,478,391

Refer to Appendix A for further information on long term liabilities. Local Registered Stock Loans are secured by cession of the Redemption Fund, this liability was redeemed during the year.

Security provided in respect of annaly loans: Loan no. 506 is secured by Debtors and loan no. 557 is only secured by R36 700 000 of Debtors. The other loans are secured by the municipality's income stream, covering the installments outstanding plus interest and collection charges outstanding at any time during the term of the loans.

Non-current liabilities

	2009	2008
At amortised cost	153,406,704	171,111,357
Total	171,111,357	211,478,391

Current liabilities

	2009	2008
At amortised cost	17,704,653	40,367,034
Total	171,111,357	211,478,391

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15. Unspent Conditional grants and receipts

Unspent conditional grants comprises:

Conditional grants and receipts	2009	2008
National Government	1,643,300	7,648,519
Provincial Government	7,185,354	9,154,689
District Municipality	590,596	629,650
Other Municipalities	515	11,790
Public Contributions	477,856	-
	9,897,620	17,444,548

Reconciliation of unspent conditional grants

Balance unspent at beginning of the year	17,444,548	11,476,918
Total Government receipts	121,414,702	51,581,879
Other receipts	1,968,447	185,060
Conditions met - capital grants	(37,623,536)	(6,001,290)
Conditions met - operating account	(61,877,033)	(37,093,015)
Conditions met - housing projects	(37,300,955)	(3,434,438)
Conditions met - other capital jobs	(39,000)	-
From other debtors	(1,150,640)	(421,225)
Included in Other Debtors	7,067,087	1,150,639
	9,897,620	17,444,548

The allocations and subsidies received from National and Provincial Government as well the District Municipality, has been deposited into the Council's own bank account. The allocations received have been utilised in accordance with the conditions set. Where all the conditions have not yet been met, the total allocations have not been utilised. The outstanding conditions will be met prior to/or when the balance of the allocations is utilised. The percentage of the allocations utilised is an indication of the conditions met. Where the total of the allocations has been utilised, all the conditions have been met.

16. Employee benefit obligation

Reconciliation of employee benefit obligation - 2009

	Opening Balance	Additions	Reversed during the year	Total
Provision for Post Retirement medical aid benefits	61,383,573	10,370,960	-	71,754,542
Long Service Awards	6,687,502	-	(137,895)	6,549,607
	68,071,075	10,370,969	(137,895)	78,304,149

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16. Employee benefit obligation (continued)

Reconciliation of employee benefit obligation - 2008

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Rehabilitation of landfill sites	190,377		(190,377)	-	-
Post Retirement medical aid benefit	55,494,490	5,889,063	-	-	61,383,573
Long Service Awards	6,388,741	-	-	298,761	6,687,502
	62,073,608	5,889,063	(190,377)	298,761	68,071,075

Post retirement medical aid benefit: Movements

Opening balance	61,383,574	55,494,490
Benefits paid	(2,387,038)	(2,169,982)
Net expense recognised	12,758,009	8,050,066
	71,754,544	61,383,574

Post retirement medical aid benefit: Net expense recognised

Current service cost	2,584,923	2,048,773
Interest cost	6,396,850	4,512,023
Actuarial (gains)/losses	3,770,236	1,496,270
	12,758,009	8,050,066

Long service awards: Movements

Opening balance	6,087,502	6,388,741
Benefits paid	(781,068)	(667,452)
Net expense recognised	643,173	966,214
	6,549,607	6,687,502

Long service awards: Net expense recognised

Current service cost	451,216	535,324
Interest cost	756,704	562,526
Actuarial (gains)/losses	(564,747)	(131,736)
	643,173	966,214

Refer to note 17 for further disclosures of post retirement medical aid benefits and long service awards.

17. Retirement benefits

Defined benefit plan

Post retirement medical aid benefit

Current and continuation members receive a 70% subsidy of medical aid contributions in retirement. The spouse and child dependants of an employee are entitled to a 70% subsidy of their contributions in the event of the principal members' death in-service. In the event of the death of the principal member, the spouse becomes the principal member.

In 2009, 47% (2008: 62%) of the employees belonged to the above plan. The plan is defined as a post retirement medical benefit plan.

The municipality has not made the full provision for post retirement medical aid benefit in 2008. A provision of R12 000 000 was made in 2008. The municipality has now provided for the full obligation. Refer to note 42 for the correction of the prior period error.

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17. Retirement benefits (continued) Long service awards

All permanent employees are entitled to a specified number of days additional leave based on their service. The employee may convert the additional leave into a cash amount.

In 2009, 99% (2008: 97%) of the employees qualified for long service awards.

The municipality has not made any provision for long service awards in 2008. The municipality has now provided for the full obligation. Refer to note 42 for the correction of the prior period error.

Key assumptions used

The municipality made use of an independent firm to perform the valuation of post retirement medical aid benefits and long service awards. The key assumptions used by the experts are listed below for the last valuation on 30 June 2009.

	%	%
Post retirement medical aid benefit	8.40 %	10.00 %
Discount rates	7.40 %	9.00 %
Health care cost inflation	- %	8.50 %
Expected increase in salaries		
Long service awards		
Discount rate	9.30 %	10.60 %
Salary inflation	7.82 %	9.10 %
Expected increase in salaries	- %	9.00 %

The Cape Joint Pension fund is a multi-employer plan that is managed for a number of municipalities that is partly defined benefit and partly defined contribution plan. The following is disclosed in the regard to the member municipalities responsibility towards the defined benefit plan.

	3,251,953,000	3,445,815,000
Market value of assets	(2,821,148,000)	(2,096,652,000)
Past service liabilities	(248,012,000)	(473,388,000)
Investment reserve	-	(75,388,000)
Solvency reserve	182,733,000	200,209,000
Summary statistics		
Active members	1,869	1,852
Annual pensionable salaries (Rm)	170	169
Salary weighted average age (years)	48	48
Salary weighted average service (years)	19	19
	1,894	2,068

	27	26
Retirement benefits	3	3
Death and withdrawal benefits	1	2
Expense allowance	(0)	(0)
Less: Member contributions	22	22

	10.00%	8.00%
Pre-retirement interest rate	6.18%	6.00%
Post-retirement interest rate	6.00%	4.00%
Price inflation	6.50%	4.50%
Dividend growth	6.50%	4.50%
Salary increases		

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17. Retirement benefits (continued)

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to 421 (2008: 520) employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

The last valuation of the SAMWU National Provident Fund was done on 30 June 2005.

The last valuation of the SALA Pension Fund was done on 30 June 2007.

The last valuation of the Cape Joint Retirement Fund was performed on 30 June 2008.

The last valuation of the Cape Joint Pension Fund was performed on 30 June 2008.

The valuers of the respective were satisfied that the plan is in a sound financial position.

Contributions by Council in respect of employees retirement funding. The contributions have been expensed.

12,622,223 11,253,096

Contributions who elected so are members of the Municipal Councillors Pension Fund.
Contributed by Council in respect of Councillors retirement funding. The contributions have been expensed.

678,809 626,456

Contributions to medical aid funds
Contributions to medical aid funds for employees
Contributions to medical aid funds for Councillors
Contributions to medical aid fund for pensioners

5,069,766 5,422,457
139,284 107,068
3,735,180 2,248,315
8,935,230 7,777,840

Post retirement medical aid benefit

Discount rate 8.40 % 10.00 %

Health care cost inflation 7.40 % 9.00 %

Expected increase in salaries - % 8.50 %

Long service awards

Discount rate 9.30 % 10.60 %

Salary inflation 7.82 % 9.10 %

18. Trade and other payables

Trade payables
Payments received in advance
Staff leave accrual
Sundry Deposits
Other payables
South African Revenue Service: Penalties and interest
Retentions

23,007,394 18,180,770
3,690,474 2,871,720
9,256,659 9,440,454
325,277 345,100
1,643,512 1,118,431
1,604,123 1,604,123
5,024,886 4,569,440
44,652,325 38,167,038

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts. The carrying amount of these trade payables are denominated in the following currency: South African Rand.

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19. Consumer deposits

Electricity	1,521,429	1,521,342
Water	1,135,062	1,075,000
	2,657,481	2,596,432

Guarantees

Guarantees held in lieu of Electricity and Water Deposits	33,800	35,300
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20. Property Rates

Rates received	71,273,023	72,176,889
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Property rates

Valuations

Land	796,504,870	1,340,284,784
Improvements	10,304,765,000	3,175,399,000
	11,101,269,870	4,515,683,784

The valuations for land and improvements includes De Doorns, Rawsonville, Touwsrivier, Worcester and rural areas.

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2008. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis with the final date for payment being 30 September. Interest at prime plus 1% per annum and a collection fee, is levied on rates outstanding two months after due date. Monthly levies are allowed on application. A differentiated rebate up to 100% is granted to owners under certain circumstances.

The basic rate's for the above mentioned areas, were charged for land at 0.0058 c/R (2008: 1.59751 c/R) and improvements at 1.0966 c/R (2008: 1.5971 c/R).

21. Service charges

Sale of electricity	140,052,111	117,960,853
Sale of water	37,884,004	34,909,140
Sewerage and sanitation charges	28,839,154	26,839,198
Refuse removal	22,941,956	20,870,373
	235,718,125	206,379,561

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22. Government grants and subsidies

Equitable share	34,865,433	26,082,345
Capital grants	91,764,946	9,435,729
LOWSETA: Staff Development	1,921,008	307,733
Other grants and donations	978,703	389,622
Cape Winelands District Municipality	898,295	334,753
Systems Improvement Grant	510,427	75,000
City of Cape Town	11,275	-
Financial Management Grant	390,055	310,046
Provincial Government	5,434,742	9,551,154
Housing Projects	-	32,362
Leadership: SETA	548	-
	136,846,522	46,528,744

23. Investment revenue

Interest revenue	3,802,670	1,095,021
Bank	12,879,342	13,504,836
Interest earned - external investments	3,265,273	3,581,814
Interest - outstanding debtors		
	19,977,285	19,081,670

24. Fair value adjustments

Fair value on arrangements	(4,311,471)	
Waterstock movement	120,154	(5,773)
(Loss) / Gain		
	(4,191,317)	(5,773)

25. Rental income

Housing schemes	7,096,780	6,322,725
Infrastructure/Site Rentals		

Facilities and equipment

Rental of facilities and equipment	1,748,704	1,827,036
	8,845,484	8,149,766

26. Other income

Building plan fees	733,870	804,901
Burial fees	401,331	306,002
Connection fees	1,452,757	2,045,920
Fire fighting charges	205,756	371,294
Garden refuse special removals	311,283	425,337
Handling charges	706,648	712,750
Land sales	50,265	1,905,309
Royalties	890,761	938,670
Services	168,357	348,720
Recovery of expenditure	310,747	233,212
Entrance fees	298,037	276,801
Interest car loans, housing loans, Sundry and township development	200,325	250,000
Sundry Income	1,597,615	2,174,857
Administration fees: Credit Control	1,715,547	2,708,521
Miscellaneous Income	339,946	386,552
	9,583,245	13,871,815

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27. General expenses

	2009	2008
Advertising	402,934	420,813
Auditors remuneration	1,172,708	584,929
Bank charges	754,422	602,237
Cleaning	122,244	126,194
Commission paid	1,686,409	1,487,690
Consulting and professional fees	1,755,794	3,751,393
Consumables	201,335	648,285
Materials and Stores	708,935	714,027
Digging of graves	755,553	915,854
Entertainment	561,033	724,599
Flowers	5,700	5,287
Decapitalisation of assets		8,000,000
Insurance	1,710,738	1,940,662
Community development and training	50,324	33,096
Conferences and seminars	144,526	140,532
Lease rentals on operating lease	5,605,953	5,397,874
Public Participation	191,846	100,332
Emergency relief	372,693	48,776
Levies	15,519,437	13,932,541
Motor vehicle expenses	(41,500)	197,633
Fuel and oil	3,827,211	3,068,712
Productions	(1,027,258)	(1,051,205)
Postage and courier	781,329	741,468
Printing and stationery	1,465,221	1,421,535
Connections	1,543,577	1,315,091
Project maintenance costs	887,391	737,305
Royalties and license fees	360,040	341,307
Valuation expenses	1,121,523	1,447,665
Staff welfare	98,647	81,745
Subscriptions and membership fees	441,635	430,311
Telephone and fax	2,996,015	2,004,768
Transport and freight	350	1,656
Training	2,967,463	879,305
Refuse	927,810	624,592
Youth Development Program	93,052	27,895
Electricity	381,068	260,757
Interpreting Services	80,386	130,951
Driver license expense	226,618	335,618
Ward committee projects	567,526	196,050
Communication	98,232	45,857
Servicing of Summons	855,482	568,275
Transfer fees	17,536	39,109
Loss of water and library materials	121,781	131,130
Operating Grant expenditure	1,747,007	892,894
PRIS	594,163	157,122
Survey fees	93,306	17,607
Top Structure expenses	16,783,454	3,327,034
CDW Programme	145,278	149,218
Chemicals	1,131,965	1,183,965
Bonaries	100,276	90,239
Healthcare and Hygiene services	300,637	-
Other expenses	348,502	868,529
	71,690,556	60,487,980

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28. Employee related costs

Basic	76,290,195	60,953,035
Bonus	5,816,945	5,098,215
Medical aid contributions	8,935,230	7,570,771
UIF	814,129	730,003
WCA	1,153,730	433,660
SDL	950,304	815,304
Group Life Insurance	1,280,096	1,163,428
Retirement Fund	12,622,223	11,253,097
Travel, motor car, accommodation, subsistence and other allowances	4,202,978	3,631,171
Overtime payments	8,255,170	5,985,235
Acting allowances	596,598	658,707
Housing benefits and allowances	1,062,751	1,492,887
Allowances: Other	1,804,271	1,500,560
Protective clothing	601,047	802,845
Less: Employee costs included in other expenses	(14,438,258)	(15,211,283)
	110,527,409	93,975,132

Executive directors and other officers

Municipal Manager	608,762	581,215
Annual Remuneration	74,739	83,200
Performance Bonus	90,000	98,000
Car Allowance	95,540	95,651
Contribution to UIF, Pension Fund and Medical Aid	935,041	856,072

Chief Financial Officer

Annual Remuneration	448,628	-
Car Allowance	79,166	-
Contribution to UIF, Pension Fund and Medical Aid	1,248	-
	529,042	-

Technical Director

Annual Remuneration	527,309	443,498
Performance bonus	78,010	-
Car Allowance	102,198	102,198
Contribution to UIF, Pension Fund and Medical Aid	1,383	1,440
	708,897	547,134

Corporate Director

Annual Remuneration	401,196	377,769
Performance bonus	43,693	-
Car Allowance	133,000	122,000
Contribution to UIF, Pension Fund and Medical Aid	97,268	89,122
	675,159	588,891

Community Director

Annual Remuneration	427,152	404,723
Performance bonus	31,210	-
Car Allowance	120,068	103,348
Contribution to UIF, Pension Fund and Medical Aid	60,047	80,620
	668,497	588,891

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29. Remuneration of councillors		
Executive Major	513,594	422,811
Deputy Executive Mayor	268,974	336,398
Mayoral Committee Members	2,150,059	1,582,059
Speaker	446,844	391,580
Councillors	4,026,056	4,545,899
Councillors' pension contribution	678,809	620,400
Councillors Medical Aid Contribution	139,284	107,068
	8,954,260	8,012,881
In-kind benefits		
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has the use of a Council owned vehicles for official duties.		
30. Bad debts		
Bad debts written off debited to Provision for doubtful debtors	13,176,745	10,452,398
31. Depreciation and amortisation		
Property, plant and equipment	54,012,234	53,920,193
32. Bulk purchases		
Electricity	80,824,329	58,932,636
Water	360,054	388,963
	81,180,383	59,322,619
33. Finance costs		
External borrowings	21,273,359	17,942,824
34. Auditors' remuneration		
Fees	1,172,708	584,929
35. Contracted Services		
Private contractors	3,172,162	2,455,022
Security services	16,150	27,550
Other contracted services	102,523	51,912
	3,290,835	2,534,484
36. Grants and subsidies paid		
Other subsidies		
Grants Act 186 (14)	179,056	35,360
Grants in aid	250,000	100,000
Worcester Bowling Club	-	21,600
	429,056	156,960

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Breede Valley Municipality

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37. Cash generated from operations		
Surplus (deficit) before taxation	36,189,182	(46,117,870)
Adjustments for:		
Prior Period Adjustments	-	(303,163)
Depreciation and amortisation	54,012,234	53,920,193
Surplus on sale of assets	(197,774)	(1,205,262)
Grants to operating account	(130,840,522)	(48,528,744)
Bad debts written off	13,176,745	10,452,398
Interest received	(10,977,285)	(19,081,670)
Finance costs	21,273,359	17,942,824
Fair value adjustments	4,191,317	6,773
Fair value adjustment non-current receivables	(4,311,471)	-
Fair value adjustment on water stock	120,154	(6,773)
Decapitalisation of assets	-	12,606,079
Unspent conditional grants and receipts	123,383,149	51,796,959
Non-operating income	636,084	280,011
Finance income - outstanding debtors	3,295,273	3,581,814
Non-operating expenses - leave payment	(1,577,260)	(1,407,076)
Changes in working capital:		
Inventories	(1,152,142)	270,209
Other receivables from non-exchange transactions	(227,772)	(1,100,083)
Consumer debtors	(10,256,756)	(334,334)
Current portion of long-term debtors	2,901,244	-
Decrease in Provision for land fill site	-	(190,377)
Contribution to leave payment accrual	1,487,465	3,529,725
Trade and other payables	6,080,735	7,980,728
VAT	(948,062)	-
Contributions to Debtors impairment provision	(5,784,350)	18,092,500
Increase in Employee benefit obligation	10,233,074	6,187,844
	96,580,589	70,352,405

38. Transfer from accumulated surplus

No transfers from accumulated surplus were made to Housing reserve

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39. Commitments

Authorised capital expenditure

Approved and contracted for	2009	2008
• Infrastructure	14,313,075	24,937,990
• Housing operating commitments	6,921,347	2,022,585

This committed expenditure relates to property and will be financed by external loans, reserves and government grants.

The Expenditure will be financed from:

External Loans	74,014	13,404,565
Unappropriated surplus	14,239,061	2,650,000
Government Grants	5,921,347	10,576,009
	20,234,422	26,630,575

Operating leases – as lessee (expense)

Minimum lease payments due	2009	2008
- within one year	1,928,379	2,395,375
- in second to fifth year inclusive	1,128,638	3,055,017
	3,058,017	5,450,392

Operating lease payments represent rentals payable by the municipality for certain of its office equipment.

Operating leases – as lessor (income)

Minimum lease payments due	2009	2008
- within one year	71,171	153,512
- in second to fifth year inclusive	251,003	300,408
- later than five years	116,136	147,801
	438,310	601,721

Certain of the municipality's property is held to generate rental income. Non-cancellable operating leases are generally between 3 - 13 years.

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Breede Valley Municipality

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40. Contingencies

Guarantees

Guarantee Eskom (ABSA)	63,400	63,100
Guarantee South African Post Office Limited (ABSA)	75,000	75,000
	138,400	138,100

Legal Matters

Mojovi Buildings & Civils cc instituted a claim against the municipality for canceling a contract for the building of houses in Avian Park. The amount claimed is. The case was referred for Arbitration.

Asia Magwetu Civils (Pty) Ltd - An Arbitrator was appointed. Public Liability - Insurance claims - It is the view of Management that it is highly unlikely that these claims will be paid out.

Civil Claims - It is the view of Management that it is highly unlikely that these claims will be paid out.

Eviction Matters - It is the view of Management that it is highly unlikely that these claims will be paid out.

Claims for damages - It is the view of Management that it is highly unlikely that these claims will be paid out.

CWDM - fire fighting claim

Other

Flood Damage that occurred 10 - 14 November 2008	-	6,376,624
Guarantees by Council in respect of Housing Loans for Officials	1,002,662	1,157,892
	1,002,662	7,534,486

41. Related parties

No related party transactions or relationships existed for the year under review for councilors or senior management with decision making authority.

42. Restatements due to prior period errors and initial adoptions of GRAP standards

As from 1 July 2008, certain exemptions as per Government Gazette No 30013, dated 29 June 2007, is no longer applicable to high-capacity municipalities. This resulted in certain accounting standards adopted retrospectively by the municipality. Furthermore, the following GRAP standards became effective during the current year, resulting in retrospective initial adoption by the municipality, where applicable: GRAP 4 - 14, 16, 17, 19, 100 - 102.

In addition, certain errors were identified during the year which have been corrected retrospectively as far as practically possible. Further details regarding the restatements is set out below:

Prior period errors corrected:

- Housing Development Fund: The deficits incurred on the housing operating account were incorrectly expensed through the Statement of Financial Performance and not transferred to the Housing Development Fund, as in terms of the Housing Act. This error were corrected retrospectively.

- Property, plant and equipment: Assets were incorrectly capitalised during the prior periods and not expensed through the Statement of Financial Performance as required by GRAP 1. Furthermore depreciation was incorrectly charged on land, as land is determined to have an infinite useful life and therefore no depreciation should have been charged.

- Provision for impairment on amounts receivable: The basis for calculation of the provision for impairment of amounts receivable during the prior year was based on the actual payment rate per suburb. Management however has refined the calculation by calculating the provision for impairment by the payment rate per individual debtor. The calculation was therefore reapplied to the amounts receivable for the prior year and resulted in an additional provision for impairment of amounts receivable.

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42. Restatements due to prior period errors and initial adoptions of GRAP standards (continued)

- Provision for penalties and interest on PAYE: The municipality incorrectly did not deduct PAYE on the group life insurance on behalf of the employees. SARS performed an audit and the municipality incurred penalties and interest on the outstanding amounts. The interest and penalties payable to SARS were retrospectively corrected. The underpayment of the PAYE has also been provided for as well as the recoupment of the PAYE from the employees.
- Other income: During the year-end procedures for 2009 on income from callouts and inspections, certain transactions were incorrectly included in the results of the prior year. This income has now been reallocated to prior year.
- Service charges for water and electricity: The municipality in the past only provided for income on service charges to the extent that this income has been invoiced. The income on these charges between the invoice date and year end were now provided as income and this application were applied retrospectively.
- Traffic fines: The municipality in the past only recognised the income on traffic fines once the payment for the fines were received. A correction was retrospectively made to include all fines issued but not yet received, based on the historical payment ratios of fines received.
- Inventory: The municipality made provision for slow moving inventory items. This provision was retrospectively reversed as the inventory items can still be consumed in the normal operations of the municipality.
- VAT debtors and creditors: The municipality accounted for the VAT raised on consumer debtors (not yet received) and the VAT claimed on creditors (not yet paid) by setting the VAT portion off against the outstanding consumer debtors and creditors respectively. The net result of the VAT raised on consumer debtors and the VAT claimed on creditors has however now been included in the VAT control account and was retrospectively corrected.

Restatements due to the initial adoption of GRAP:

- Reserves: The municipality previously disclosed the reserves separately on the face of the Statement of Financial Position. These reserves were transferred to the accumulated surplus in terms of GRAP 1. These transfers to the accumulated surplus were done retrospectively.
- Post retirement benefits: The municipality has made provision for post retirement medical benefits and long service awards in terms of IAS 19. This requirement was exempted in the prior year. The municipality has made full provision for the obligation and applied the adoption retrospectively.
- Property, plant and equipment: The municipality has implemented the requirements of GRAP 17 with the effect of 1 July 2007. This implementation had the result that certain assets were reclassified. The infrastructure assets were unbundled to reflect the components of the individual assets. The value for these assets were calculated by using the depreciable replacement cost method. The implementation of GRAP 17 was retrospectively applied.
- Inventory: The municipality has valued the water stock under the control of the municipality at fair value in terms of GRAP 12. The movement of the fair value of the water stock is reflected as a fair value adjustment in the Statement of Financial Performance. This adjustment for the adoption of GRAP 12 was retrospectively applied. The major components previously reflected under inventory were transferred to property, plant and equipment in terms of the adoption of GRAP 12. This allocation to property, plant and equipment was made retrospectively.

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Breede Valley Municipality

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42. Restatements due to prior period errors and initial adoptions of GRAP standards (continued)

The restatement as set out above resulted in adjustments as follows:

Statement of financial position 1 July 2007

Accumulated surplus	187,634,192
Housing development fund	(6,331,202)
Capital replacement reserve	(19,427,976)
Capitalisation reserve	(34,283,558)
Capital grants reserve	(122,181,522)
Self insurance reserve	(5,409,936)
SARS penalties	(93,173)
SARS interest	(579,218)
Decapitalisation of assets	(19,003,185)
VAT input	662,029
Write back of depreciation on land	13,853,500
Prior period errors previously disclosed	(303,283)
Slow moving stock	436,957
Debtors - traffic fines	521,932
Debtors - electricity consumption	7,062,022
Debtors - water consumption	1,751,840
Property, plant and equipment - decapitalisation of valuation roll	(923,049)
Property, plant and equipment - property sold written back	(1,091,000)
Property, plant and equipment - restatement	937,738,519
Property, plant and equipment - depreciation on property sold written back	74,459
Inventory - water stock	251,249
IAS 19 implementation	(61,883,231)
	878,476,376

Statement of financial position 30 June 2008

Housing development fund effect on Accumulated surplus	(1,526,315)
Decapitalisation of assets	(3,327,034)
Accumulated surplus - Capital grants reserve	3,327,034
Property, plant and equipment - property sold written back	(7,000)
Consumer debtors - year end VAT adjustment	5,599,231
VAT on debtors adjustment	(5,599,231)
VAT adjustment on creditors effect on VAT	(1,604,899)
VAT adjustment on creditors	1,604,899
Total of prior period error	(1,533,315)
Housing development fund	1,526,315

IAS 19 movement	5,812,156
Other income prior period	289,911
Property, plant and equipment - Decapitalisation of top structures	(3,327,034)
Property, plant and equipment - write-back of depreciation on land	513,862
Property, plant and equipment - GRAP 12 transfer	1,259,147
Property, plant and equipment - decapitalisation of fly bridge	(8,000,000)
Property, plant and equipment - additional depreciation	(31,363,674)
Property, plant and equipment - decapitalisation of valuation roll	(1,279,045)
Property, plant and equipment - depreciation on property sold written back	5,195
Long term receivables - arrangements	13,064,024
Long term receivables - impairment of debtors	(7,093,506)
Long term receivables - Current portion of impairment	(41,526)
Other debtors - Impairment of debtors	(74,298)
Consumer debtors - impairment for debtors	(18,124,892)
Consumer debtors - arrangement moved to long term	(13,064,024)
Consumer debtors - callouts and inspections	(228,484)
Consumer debtors - electricity consumption	(71,561)
Consumer debtors - water consumption	292,437

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42. Restatements due to prior period errors and initial adoptions of GRAP standards (continued)		
Other debtors - traffic fines	1,291,028	
Inventory - write-back of slow moving stock	95,496	
Inventory - GRAP 12 transfer	(1,259,147)	
Inventory - invoices not recorded	(5,656)	
Inventory - water stock	(5,773)	
Total effect on Statement of Financial Position as at 30 June 2008	(61,316,344)	

Reconciliation of profit for the year 30 June 2008

Net operating surplus (deficit) as previously stated:	15,488,384	
Other income - services and callouts	(228,464)	
Depreciation written back	513,852	
General expenses - Decapitalisation of over bridge	(8,000,000)	
General expenses - inventory invoices not recorded	(5,656)	
General expenses - top structure houses	(3,327,034)	
Contributions to (from) Provisions - impairment of debtors	(25,101,892)	
Contributions to (from) Provisions - slow moving inventory	95,496	
Contributions to (from) Provisions - medical aid benefit	6,110,917	
Contributions to (from) Provisions - long service award	(298,761)	
Contributions to (from) Provisions - impairment long term debtors	(232,330)	
Fair value adjustments - inventory	(5,773)	
Traffic fines	1,291,028	
Debtors - electricity consumption	(71,581)	
Debtors - water consumption	292,437	
General expense - decapitalisation of valuation roll	(1,279,046)	
Depreciation on property sold written back	5,195	
Additional depreciation its restatement	(31,363,674)	
VAT adjustment on creditors	(506,933)	
VAT adjustment on creditors - VAT	506,933	
Net operating surplus (deficit) as restated	(46,117,870)	

Restatement of property, plant and equipment as at 1 July 2007 (refer to note 4)

Net effect of restated cost	1,330,100,031	
Net effect of restated accumulated depreciation	(392,361,512)	
937,738,519		

43. Comparative figures

Certain comparative figures have been reclassified, to reflect the changes due to the prior period errors and the initial adoption of the GRAP Statements.

44. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2009

	Loans and receivables	Held to maturity investments	Total
Consumer debtors	76,120,002	-	76,120,002
Other debtors	16,013,462	-	16,013,462
Long term receivables	17,297,834	-	17,297,834
Investments in other deposits	-	65,000,000	65,000,000
Cash and cash equivalents	46,234,031	-	46,234,031
155,665,329	65,000,000	220,665,329	

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44. Financial assets by category (continued)

2008

	Loans and receivables	Held to maturity investments	Total
Consumer debtors	79,039,989	-	79,039,989
Other debtors	8,928,585	-	8,928,585
Long term receivables	20,282,307	-	20,282,307
Investments in fixed deposits	-	20,626,850	20,626,850
Investments in other deposits	-	93,000,000	93,000,000
Cash and cash equivalents	24,508,270	-	24,508,270
132,759,151	113,626,850	246,386,001	

45. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2009

	Financial liabilities at amortised cost	Hold to maturity	Fair value through surplus or deficit - designated	Total
Consumer deposits	2,667,491	-	-	2,667,491
Unspent conditional grants and receipts	9,897,620	-	-	9,897,620
Trade and other payables	31,605,192	-	-	31,605,192
Annuity loans	171,111,357	-	-	171,111,357
215,281,660	-	-	-	215,281,660

2008

	Financial liabilities at amortised cost	Hold to maturity	Fair value through surplus or deficit - designated	Total
Consumer deposits	2,566,432	-	-	2,566,432
Unspent conditional grants and receipts	17,444,548	-	-	17,444,548
Trade and other payables	25,848,665	-	-	25,848,665
Local registered stock loans	23,411,709	-	-	23,411,709
Annuity loans	188,066,682	-	-	188,066,682
257,368,236	-	-	-	257,368,236

46. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Prudent liquidity risk management implies maintaining sufficient cash and investments, the availability of funding for service delivery through effective budgeting and availability of credit facilities. The municipality manages its risks through effective and efficient budgeting and credit control. The liquidity risk is thus limited.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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Breede Valley Municipality

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46. Risk management (continued)

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2009	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Annuity loans	39,196,927	45,024,743	162,748,605	462,056,673
Consumer deposits	2,667,492	-	-	-
Trade and other payables	30,126,589	1,478,603	-	-
Unspent conditional grants	9,897,620	-	-	-

At 30 June 2008	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Annuity loans	34,257,882	39,196,927	152,107,627	518,620,393
Local registered stock loans	28,867,762	-	-	-
Consumer deposits	2,596,432	-	-	-
Trade and other payables	25,597,506	251,359	-	-
Unspent conditional grants	17,444,548	-	-	-

Interest rate risk

At 30 June 2009, if interest rates on Rand-denominated trade receivables had been 2% higher/lower with all other variables held constant, post-tax surplus for the year would have been R 779,105 (2008: R 881,366) lower/higher, mainly as a result of higher/lower interest income on past due trade receivables.

In order to hedge the fair value interest rate risk, borrowings are made at fixed rates and investments are not made for periods exceeding 12 months.

The municipality's has a low interest rate risk as long-term borrowings is made on a fixed interest rate. All financial assets except trade debtors bears a fixed interest rate.

At year end, financial instruments exposed to interest rate risk were as follows:

- Consumer debtors

Credit risk

Credit risk is managed by debt collection department. The credit risks, rates and consumer debtors, are managed in terms of the credit control and debt collection as well as the indigent relief policies.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. There is no independent rating, risk control assesses the credit quality of the customer, taking into account its past experience with the client's payment rate. Sales to customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial Instrument	2009	2008
Other debtors	16,013,462	8,928,585
Long term receivables	17,297,634	20,282,307
Investments in fixed deposits	-	20,626,690
Investments in other deposits	65,000,000	93,000,000
Cash and cash equivalents	46,234,031	24,508,270

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46. Risk management (continued)

The is not exposed to equity securities price risk as no investments are made by the municipality's in equity securities on the consolidated statement of financial position either as available for sale or at fair value through profit or loss.

47. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

48. Events after the reporting date

The municipality is not aware of any material event after the reporting date that could have an impact on the municipality.

49. Irregular expenditure

Opening balance	6,733,482	3,663,933
Irregular expenditure - Bovidae Investments (Pty) Ltd	4,753,351	3,054,501
Irregular expenditure - Tess Graphics	-	15,048
Less: Amounts not recoverable (not condoned)	(15,048)	-
	11,471,785	6,733,482

Analysis of expenditure awaiting condonation per age classification

Current year	4,753,351	3,069,549
Prior years	6,718,434	3,663,933
	11,471,785	6,733,482

Details of Irregular Expenditure – Current year

No tender issued for contract with Bovidae Investments (Pty) Ltd, which contracts were signed by Mr Damens on behalf of council for the rental for various office equipment for different periods for which evidence that the prescribed procurement procedures has been followed, could not be provided by 26/11/2007 to the Auditor-General. Therefore in terms of section 1 and 32 of the MFMA all expenditure incurred in respect of this contract is regarded as Irregular expenditure. The investigation is still in process.

Details of Irregular Expenditure not condoned

The Supply Chain Management Process was not followed to procure the services of Tess Graphics for printing services. The accounting officer has warned the council on 30 January 2008 the account should not be paid. Council however resolved that the account be paid.

50. In-kind donations and assistance

No in-kind donations have been received by the Municipality during the 2008/2009 financial year.

15,048

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51. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2009	2008
Current year subscription / fee	407,321	388,840
Amount paid - current year	(407,321)	(388,840)

Audit fees

	2009	2008
Opening balance	-	13,658
Current year subscription / fee	1,172,703	584,829
Amount paid - current year	(1,172,703)	(598,507)

PAYE and UIF

	2009	2008
Opening balance	15,995	12,230
Current year subscription / fee	14,006,493	12,762,132
Amount paid - current year	(14,890,348)	(12,746,137)

Amount paid - previous years

Amount paid - previous years

Pension and Medical Aid Deductions

	2009	2008
Opening balance	(58,219)	(44,433)
Current year subscription / fee	37,531,420	30,469,929
Amount paid - current year	(37,000,112)	(30,526,241)
Amount paid - previous years	58,219	44,433
Included in creditors	(328)	(1,967)

VAT

	2009	2008
VAT receivable	948,092	-
VAT payable	-	514,347

VAT output payables and VAT input receivables are shown in note. All VAT returns have been submitted by the due date throughout the year.

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51. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2009:

30 June 2009	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
M.N. Bushwana	4	-	4
H Willemse	2,276	-	2,276
S.B. Mlunwana	209	-	209
C Iemall	3	-	3
A Cuttings	2,470	-	2,470
T.B. Mshole	1,539	-	1,539
C Wikus	51,100	-	51,100
F Speedman	15,159	-	15,159
P Tyra	17,378	-	17,378
A Gordon	41,155	-	41,155
	131,291	-	131,291

30 June 2008

30 June 2008	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
T.J. Pedro	3,525	12,915	16,440
C Wikus	11,838	62,064	63,902
A Gordon	203	63,555	63,758
V.V. Matangeni	166	4,900	5,066
P Tyra	-	15,274	15,274
A Cuttings	1,004	591	1,595
S Goedeman	265	-	265
T.B. Mshole	377	-	377
M Cupido	195	128	323
A.E. Jordaan	2,133	-	2,133
	19,706	149,427	169,133

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

30 June 2009	Highest outstanding amount	Aging (in days)
N.S. Ndyalwan	11,635	90
30 June 2008	Highest outstanding amount	Aging (in days)
M Sampson	1,508	90
L Richards	5,580	90
	7,188	180

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51. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/bondoned by the Accounting Officer and noted by Council.

Paragraph 12(1)(d)(i) of Government gazette No. 27036 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council. Refer to Appendix H for deviations from supply chain management regulations.

52. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E (1) for the comparison of actual operating expenditure versus budgeted expenditure.

53. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix E (2) for the comparison of actual capital expenditure versus budgeted expenditure.

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Breede Valley Municipality

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APPENDIX A: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Loan Number	Redeemable	Balance as at 2008/6/30	Received during period	Redeemable written off during period	Balance as at 2009/6/30
LOCAL REGISTERED STOCK						
Issued	Loan no					
ABSA	562		30/06/2009	23 411 709	-	23 411 709
Total long-term loans				23 411 709	-	23 411 709
ANNUITY LOANS						
Loans Redeemed						
DBSA: @10.55%	556	31/03/2014	16 535 661	-	2 099 553	14 436 108
DBSA: @10.891%	557	31/03/2015	16 750 599	-	1 905 402	16 844 197
DBSA: @10.40%	558	31/03/2009	823 902	-	823 902	(1)
DBSA: @ 11.00%	559	31/03/2014	5 267 422	-	660 855	4 606 557
DBSA: @ 12.00%	560	31/03/2017	2 504 653	-	167 074	2 337 580
DBSA: @12.00%	561	31/03/2017	5 618 683	-	386 003 55	5 428 680
CIBSA: @ 6.69%	2589	31/03/2018	24 058 141	-	2 014 638	22 043 502
INCA @ 10.21%	2991	30/09/2015	45 295 308	-	3 563 731	41 731 577
INCA @ 10.14%	2992	30/06/2012	4 014 312	-	744 489	3 269 824
DBSA: @ 5.00%	6027	31/03/2018	23 000 000	-	1 823 779	21 176 221
DBSA: @ 8.46%	5028	31/03/2018	40 000 000	-	2 549 944	37 450 056
DBSA: @ 9.46%	6029	31/03/2015	2 000 000	-	212 943	1 787 057
Total Annuity loans			188 066 682	-	16 555 325	171 111 357
TOTAL EXTERNAL LOANS						
			211 478 391	-	40 387 034	171 111 357

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Breede Valley Municipality

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APPENDIX B: Analysis of Property, Plant and Equipment, Intangible Assets and Investment Property

Classification of Assets	Cost/Revaluation						
	Opening Balance as previously Stated 30.6.2007	Transfer In	Transfer Out	Depreciation	Restated Opening Balance 30.6.2007	Restatement Group 17	Restated Balance 30.6.2007
LAND							
Developed	-	20,902,687.00	-	-987,101.56	19,945,585.44	15,403,830.59	35,345,410.93
Undeveloped	-	20,564,560.00	-	-987,101.56	19,577,458.44	15,063,830.51	34,631,288.95
		368,127.00	-	-	368,127.00	350,000.08	718,127.08
BUILDINGS	-	219,904,697.00	-	-10,107,083.74	209,887,613.26	-31,543,595.92	169,344,017.34
INFRASTRUCTURE	357,217,117.00	17,031,666.00	-2,803,527.00	-	372,345,154.87	1,348,139,708.04	1,718,484,960.91
Water	85,361,618.00	3,464,392.00	-	-	88,826,010.00	391,735,962.36	480,581,962.36
Electricity	85,484,364.00	-	-	-	85,484,364.00	381,717,165.51	487,201,530.51
Sanitation	81,822,667.00	-	-	-	81,822,667.00	184,077,913.04	265,900,580.04
Roads	102,991,125.00	-	-2,803,527.00	-	100,187,598.00	358,600,704.13	488,706,362.13
Other Infrastructure	1,557,343.00	14,467,174.00	-	-	16,024,515.87	-	16,024,515.87
COMMUNITY	214,901,829.00	-	-214,901,829.00	-	-	-	-
HERITAGE ASSETS	11,174,100.00	-	-	-	11,174,100.00	-	11,174,100.00
Historical Buildings	390,000.00	-	-	-	390,000.00	-	390,000.00
Paintings and Artifacts	10,784,100.00	-	-	-	10,784,100.00	-	10,784,100.00
OTHER ASSETS	73,846,740.00	29,689,910.00	-71,324,023.00	-923,046.00	31,369,677.83	0	31,369,676.73
Computer Equipment	1,912,615.00	-	-	-	1,912,615.00	0	1,912,614.52
Furniture and fittings	221,873.00	4,715,049.00	-	-	4,940,922.00	0	4,940,922.49
Machinery	7,568,032.00	1,790,213.00	-7,083,803.00	-	2,273,442.00	0	2,273,440.30
Other	64,240,220.00	-	-464,240,220.00	-	-	0	-
Valuation Roll	-	923,046.00	-	-923,046.00	-	0	-
Transport Assets	-	22,242,599.00	-	-	22,242,599.03	0	22,242,599.42
Intangible assets	-	500,519.00	-	-	500,519.05	-	500,519.05
Investment property	-	-	-	-	-	100,000.00	100,000.00
Total	657,239,786.00	286,029,379.00	-269,629,379.00	-21,017,234.30	636,222,550.44	1,330,100,030.70	1,966,322,580.05

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Breede Valley Municipality

Financial Statements for the year ended 30 June 2009

APPENDIX B: Analysis of Property, Plant and Equipment, Intangible Assets and Investment Property

Cost/Revaluation

Additions	Decapitalisation	Group 12 Transfer	Disposals	Revaluated Balance 30.6.2009	Additions	Under Construction	Transfers	Disposals	Closing Balance 30.6.2009
593,184.00	-7,000.00	-	-	35,935,600.03	956,961.47	39,000.00	-	-	36,983,561.50
593,184.00	-7,000.00	-	-	34,624,288.95	956,961.47	39,000.00	-	-	35,602,250.42
593,184.00	-	-	-	1,311,311.08	-	-	-	-	1,311,311.08
12,352,141.00	-3,327,039.65	-	-440,803.00	177,928,324.69	4,311,181.72	22,110.81	-	-	182,261,617.22
69,451,544.56	-6,000,000.00	1,259,146.81	-156,587.84	1,741,018,954.44	49,512,153.52	20,673,138.78	-186,200.88	-	1,851,038,823.55
10,934,125.00	-	-	-	491,456,087.35	7,242,005.68	10,339,739.15	-	-	509,077,832.18
6,234,750.00	-	-	-	476,137,280.51	14,521,246.93	-	-	-	499,658,527.44
35,715,385.00	-	-	-	302,815,975.04	8,537,584.15	10,333,397.82	-	-	321,488,868.79
11,249,346.00	-6,000,000.00	-	-	492,045,705.13	15,419,444.29	-	-	-	513,468,182.42
2,316,929.16	-	1,259,146.81	-156,587.84	19,443,903.40	791,852.51	-	-186,200.88	-	20,049,555.05
-	-	-	-	-	-	-	-	-	-
-	-	-	-	11,174,100.00	-	-	-	-	11,174,100.00
-	-	-	-	290,000.00	-	-	-	-	290,000.00
-	-	-	-	10,784,100.00	-	-	-	-	10,784,100.00
10,245,412.95	-1,270,044.95	-	-663,845.57	29,672,098.16	4,059,822.81	62,500.00	-	-	44,894,229.97
1,769,131.00	-	-	-	3,681,745.82	1,117,564.29	-	-	-	4,799,299.81
2,501,471.00	-	-	-	7,442,302.40	457,209.43	-	-	-	7,989,002.92
4,630,666.00	-	-	-	6,863,005.30	1,930,377.21	-	-	-	8,793,382.51
1,270,044.95	-1,270,044.95	-	-663,845.57	21,584,943.85	1,454,481.88	62,500.00	-	-	-
113,150.00	-	-	-	614,369.08	237,097.90	-	-	-	822,336.98
-	-	-	-	106,040.00	-	-	-	-	106,040.00
92,756,132.51	-12,813,078.60	1,259,146.81	-1,261,334.41	2,046,463,448.36	59,979,857.42	20,796,747.59	-186,200.88	-	2,127,053,860.48

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Breede Valley Municipality

Financial Statements for the year ended 30 June 2009

APPENDIX B: Analysis of Property, Plant and Equipment, Intangible Assets and Investment Property

Accumulated Depreciation

	Opening balance as previously stated 30.6.2007	Transfer In	Transfer Out	Transfers/ Movements	Restated Opening Balance 30.6.2007	Restatement Group 17	Prior year adjustments	Restated Balance 30.6.2007
LAND								
Developed	-	13,982,850.00	-	-13,853,459.04	129,389.96	0	0	129,389.96
Undeveloped		13,606,310.00	-	-13,678,026.04	129,389.96	0	-	129,389.96
		175,541.00	-	-176,641.00	-	-	-	-
BUILDINGS								
	-	144,020,778.00	-	-74,460.45	143,946,308.55	-10,501,802.55	-	133,444,503.97
INFRASTRUCTURE								
	166,819,963.00	2,706,425.00	-864,283.00	-	157,653,098.73	402,963,070.11	-	560,516,158.85
Water	50,877,356.00	203,137.00	-	-	51,080,495.00	147,646,695.71	-	195,727,190.72
Electricity	25,007,925.00	-	-	-	26,007,925.00	144,427,325.30	-	169,455,820.30
Sanitation	30,129,412.00	-	-	-	30,129,412.00	117,683,845.47	-	149,013,258.47
Roads	49,102,478.00	-	-	-864,283.00	48,298,195.00	-7,095,357.37	-	41,202,822.63
Other Infrastructure	633,710.00	2,503,288.00	-	-	3,137,076.73	-	-	3,137,076.73
COMMUNITY								
	132,431,790.00	-	-132,431,790.00	-	-	-	-	-
HERITAGE ASSETS								
Historical Buildings	-	-	-	-	-	-	-	-
Paintings and Artifacts		-	-	-	-	-	-	-
OTHER ASSETS								
	46,325,905.00	15,720,001.00	-44,642,506.00	-	15,411,410.04	241.82	1,460,854.00	19,872,505.85
Computer Equipment	1,498,554.00	-	-	-	1,498,554.00	0	375,481.00	1,872,035.60
Furniture and fittings	107,417.00	3,001,547.00	-	-	3,108,964.00	328.93	747,718.00	3,857,010.93
Machinery	4,333,011.00	1,016,707.00	-4,253,679.00	-	1,098,138.00	-67.11	337,655.00	1,435,708.89
Other	40,388,927.00	-	-40,388,927.00	-	-	-	-	-
Valuation Roll	-	-	-	-	-	-	-	-
Transport Assets		12,707,749.00	-	-	12,707,753.04	-	-	12,707,753.04
Intangible assets								
	-	500,519.00	-	-	500,519.05	-	-	500,519.05
Investment property								
	-	-	-	-	-	-	-	-
Total	334,568,612.00	177,938,584.00	-177,938,584.00	-13,927,938.49	320,645,726.55	382,381,509.35	1,460,854.00	714,453,089.68

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Breede Valley Municipality

Financial Statements for the year ended 30 June 2009

APPENDIX B: Analysis of Property, Plant and Equipment, Intangible Assets and Investment Property

Accumulated Depreciation									Carrying Value 2009/2010	
Depreciation	Additional Depreciation	Disposals	Decapitalisation	Transfers/ Movements	Restated Balance 30.6.2009	Additions	Under Construction	Disposals	Closing Balance 30.6.2009	Carrying Value 30.6.2009
384,971.82	-	-	-	-	-613,461.78	-	-	-	-	35,963,561.60
372,640.35	-	-	-	-	-601,930.31	-	-	-	-	35,682,280.42
11,631.47	-	-	-	-	-11,631.47	-	-	-	-	1,311,311.08
3,354,069.00	-	-376,951.32	-13.89	-8,612.89	136,397,027.34	3,190,692.71	-	-	138,587,720.05	42,573,897.17
14,985,790.68	31,363,674.75	-156,687.84	-	-	606,708,936.44	49,769,553.14	-	-	653,478,499.59	1,197,589,528.27
1,960,812.00	7,430,090.43	-	-	-	200,120,933.15	9,547,849.89	-	-	217,674,743.04	251,403,089.14
4,515,000.00	7,361,145.14	-	-	-	181,312,026.43	11,887,941.04	-	-	192,279,967.07	266,978,560.37
1,850,730.00	5,603,743.63	-	-	-	150,477,722.10	9,121,128.37	-	-	155,598,850.47	155,680,096.32
5,068,227.00	9,958,895.55	-	-	-	66,220,745.18	15,148,668.85	-	-	71,367,402.03	439,097,750.39
1,591,161.69	-	-156,687.84	-	-	4,571,550.98	1,285,976.40	-	-	5,857,526.98	14,192,028.05
-	-	-	-	-	-	-	-	-	-	11,174,190.00
-	-	-	-	-	-	-	-	-	-	390,000.00
-	-	-	-	-	-	-	-	-	-	10,784,100.00
4,371,705.63	-	-655,712.31	-	-	23,587,449.19	4,027,204.01	-	-	27,614,653.18	17,079,567.78
438,719.71	-	-	-	-	2,308,754.71	609,887.44	-	-	2,818,622.15	1,980,677.65
755,291.00	-	-	-	-	4,612,301.93	773,801.99	-	-	5,385,163.92	2,513,498.99
1,314,321.00	-	-	-	-	2,750,027.89	1,137,421.64	-	-	3,887,449.52	4,905,532.99
1,865,373.92	-	-655,752.31	-	-	10,915,354.65	1,505,112.84	-	-	15,522,477.50	7,879,455.14
103.98	-	-	-	-	569,523.03	34,825.37	-	-	525,448.10	296,888.85
-	-	-	-	-	-	-	-	-	-	106,080.00
23,075,681.12	31,363,674.75	-1,589,311.47	-13.82	-613,074.47	767,194,046.00	54,012,374.93	-	-	826,206,320.92	1,305,847,539.57

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Breede Valley Municipality

Financial Statements for the year ended 30 June 2009

Appendix D: Segmental Statement of Financial Performance

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus / Deficit R	2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus / Deficit R	
437 663	21 109 426	(20 671 773)	Executive & Council	543 295	33 106 547	(32 563 252)
96 451 756	107 861 589	(17 409 833)	Finance & Administration	99 156 084	55 271 322	43 385 363
1 628 305	5 143 645	(3 515 340)	Planning and Development	3 629 930	6 625 359	(3 995 429)
31 233	404 599	(363 366)	Health	68 070	372 749	(284 679)
1 256 649	12 153 614	(10 796 725)	Community & Social Services	1 464 572	12 685 993	(31 221 320)
11 524 007	15 329 183	(3 805 176)	Housing	46 448 448	28 435 064	18 013 384
10 652 185	23 313 423	(13 281 238)	Public Safety	9 383 615	24 404 493	(15 020 878)
3 157 626	13 117 954	(9 960 276)	Sport & Recreation	2 928 990	14 128 383	(12 679 387)
4 185 539	7 455 117	(1 289 578)	Environmental Protection	4 265 232	6 733 883	(2 468 651)
21 662 358	16 962 490	5 099 878	Waste Management	23 594 069	19 871 001	3 723 068
30 661 263	21 601 675	9 059 588	Waste Water Management	49 498 396	33 361 632	16 137 754
7 222 094	27 052 401	(19 830 307)	Road Transport	18 893 175	27 355 487	(8 462 309)
36 730 731	18 330 757	18 404 974	Water	55 301 004	35 082 631	20 218 373
129 470 457	95 530 050	24 840 407	Electricity	148 336 657	123 613 395	25 723 261
0	672 353	(672 353)	Other	8 000	729 109	(712 109)
329 631 006	385 648 196	(56 111 090)	Sub Total	402 638 348	432 258 050	(49 380 492)
(6 773)	0	(6 773)	Fair Value Adjustments	(8 191 317)		(4 131 317)
339 530 324	385 648 196	(66 117 812)	Total	400 447 231	432 258 050	36 189 181

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Breede Valley Municipality

Financial Statements for the year ended 30 June 2009

Appendix E(1): Actual Versus Budget (Revenue and Expenditure)

REVENUE	2008/2009 Actual (R)	2008/2009 Budget (R)	2008/2009 Variance (R)	2008/2009 Variance (%)	Explanation of Significant Variances Variances greater than 10% versus Budget
Property Rates	71,279,023	71,271,590	1,433	0	
Property Rates - Penalties imposed	1,066,179	1,130,000	-43,821	-4	
Service Charges	235,718,124	231,619,657	4,098,467	2	
Electricity Sales	148,052,111	142,890,387	3,161,714	2	
Refuse removal	22,041,555	22,935,500	-5,455	0	
Sewerage fees	28,639,154	28,781,400	-67,694	0	
Water sales	37,684,904	37,611,300	673,604	2	
Rental of facilities and Equipment	8,845,484	8,764,320	51,164	1	
Interest Earned - External Investments	16,682,012	16,600,000	82,012	0	
Interest Earned - Outstanding Debtors	3,295,273	3,363,500	-68,227	-2	
Fines	9,134,494	9,055,996	78,498	1	
Income for agency services	3,423,044	3,500,000	-76,956	-2	
Licences and Permits	2,055,830	2,261,200	-206,460	-9	
Operating grants and subsidies	99,205,307	106,995,788	-7,790,479	-7	
Other Income	9,563,248	10,665,783	-1,082,547	-10	Connection fees R 1 016 993 less than budgeted as well as various other insignificant deviations
Grants and subsidies capital	37,641,215	38,196,434	-1,555,219	-4	
Operating revenue generated	497,943,231	604,474,568	-6,631,136	-1	
Loss Income forgone - Rebates	-35,602,456	-35,832,668	330,102	1	
Total direct operating revenue	462,440,775	488,641,808	-6,201,033	-1	
Total Revenue	462,440,775	488,641,808	-6,201,033	-1	
EXPENDITURE					
Executive & Council	33 108 547	60,291,120	-36,184,573	-52	Contributions to provision post retirement benefits less due to retrospective GRAP implementation
Finance & Administration	58 771 322	60,530,045	-4,764,723	-8	Actual expenditure less than budgeted due to savings
Planning and Development	6 626 359	6,930,266	-304,907	-1	Actual expenditure less than budgeted due to savings
Health	372 749	464,946	-92,196	-20	Health function transferred to Provincial health department with subsequent decrease in expenses
Community & Social Services	12 685 992	14,279,252	-1,593,260	-11	Actual expenditure less than budgeted due to savings
Housing	26 435 064	38,103,262	-11,668,198	-28	Expenditure on top structures less than budgeted due to delays in implementation of projects
Public Safety	24 404 496	24,746,985	-342,470	-1	Actual expenditure less than budgeted due to savings
Sport & Recreation	14 108 333	14,002,165	16,278	0	
Environmental Protection	8 733 883	8,205,636	-1,471,655	-18	Work for water and Environment management expenses less than anticipated /budgeted
Waste Management	19 871 001	22,331,287	-2,460,286	-8	Contributions to provision post retirement benefits less due to retrospective GRAP implementation
Waste Water Management	33 361 632	32,661,278	700,354	3	Depreciation more due to GRAP 17 restatement and contributions to provisions less
Road Transport	27 355 487	17,446,540	9,906,847	57	Depreciation R 10 176 806 more than budgeted due to GRAP 17 restatement
Water	35 092 631	30,547,682	4,544,949	15	Actual expenditure more than budgeted
Electricity	123 813 366	119,158,975	4,454,421	4	Depreciation more due to GRAP 17 restatement and contributions to provisions less
Other	720 109	690,825	29,284	0	
Total Operating expenditure	422,254,050	469,651,885	-47,397,035	-10	
Total Expenditure	422,254,050	469,651,885	-47,397,035	-10	-4,438,706
Gains on disposal of assets	197,773	0	197,773		
Fair Value adjustments	-4,191,317	0	-4,191,317		
Surplus (deficit) for the year	35,189,181	9,090,723	27,098,458	298	
Attributable to:					
Surplus (deficit) for the year	36,180,181	9,090,723	27,098,458	298	

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Breede Valley Municipality

Financial Statements for the year ended 30 June 2009

Appendix E(2) : Actual versus Budget (Acquisition of Property, Plant and Equipment)

	2008/2009 Actual	2008/2009 Under Construction	2008/2009 Total Additions	2008/2009 Budget	2008/2009 Variance	2008/2009 Variance (%)	Explanation of Significant Variances Variances greater than 5% versus Budget
Executive & Council	184,940		184,940	316,400	-131,460	-42	Furniture/Equipment Corporates Support not purchased. Transferred to 2009/10
Finance & Administration	4,617,843	82,500	4,600,343	6,284,061	-1,583,718	-25	New Store for cable not started. Transferred to 2009/10
Planning and Development	92,030		92,030	119,950	-27,920	-23	Purchases IDP not done & savings on purchases
Health	682		682	770	-88	-11	Savings on Purchases
Community & Social Services	1,855,030		1,855,030	1,993,701	-138,671	-7	Savings on Purchases
Housing	774,347	22,111	796,458	1,885,530	-1,089,372	-58	Contractor appointed too late to finish before 30 June 2009. Zwidelemba Hostels
Public Safety	668,951		668,951	1,442,500	-773,549	-54	Upgrading fire Station transferred to 2009/10 Financial year
Sport & Recreation	460,229	39,000	507,229	1,607,786	-1,100,557	-68	Upgrading Zwidelemba Sport Ground not started. Transferred to 2009/10
Environmental Protection	266,792		266,792	268,002	-1,210	-0	
Waste Management	506,635		506,635	508,800	-2,265	-0	
Waste Water Management	12,964,240	13,755,890	26,721,129	33,386,991	-6,675,862	-20	Contractor Appointed in June 2009. De Doorns South of N1
Road Transport	14,589,343		14,589,343	15,040,497	-451,154	-3	
Water	7,326,896	8,916,247	14,243,144	19,064,243	-4,811,099	-25	Contractor Appointed in June 2009. De Doorns South of N1
Electricity	15,640,859		15,640,859	15,989,450	-348,591	-2	
Other	23,149		23,149	32,000	-8,851	-28	Savings on Purchases
Total	59,978,807	30,795,748	80,774,555	97,920,951	-17,144,396	-18	